

106TH CONGRESS
1ST SESSION

H. R. 253

To amend the Internal Revenue Code of 1986 to allow penalty-free withdrawals from retirement plans to provide medical care for relatives who are 55 years old or older.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 6, 1999

Mr. SAXTON introduced the following bill; which was referred to the
Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to allow penalty-free withdrawals from retirement plans to provide medical care for relatives who are 55 years old or older.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. PENALTY-FREE DISTRIBUTIONS FROM INDIVID-**
4 **UAL RETIREMENT PLANS, 401(k) PLANS, ETC.**
5 **FOR MEDICAL CARE FOR QUALIFIED REL-**
6 **ATIVES.**

7 (a) UNLIMITED PENALTY-FREE DISTRIBUTIONS FOR
8 MEDICAL CARE FOR RELATIVES.—Subparagraph (B) of
9 section 72(t)(2) is amended to read as follows:

1 “(B) MEDICAL EXPENSES.—Distributions
 2 made to the employee (other than distributions
 3 described in subparagraph (A), (C), or (D)) to
 4 the extent such distributions do not exceed the
 5 qualified medical expenses (as defined in para-
 6 graph (9)) of the taxpayer for the taxable
 7 year.”.

8 (b) DEFINITION OF QUALIFIED MEDICAL EX-
 9 PENSES.—Subsection (t) of section 72 of such Code (relat-
 10 ing to 10-percent additional tax on early distributions
 11 from qualified retirement plans) is amended by adding at
 12 the end the following new paragraph:

13 “(9) QUALIFIED MEDICAL EXPENSES.—For
 14 purposes of paragraph (2)(B)—

15 “(A) IN GENERAL.—The term ‘qualified
 16 medical expenses’ means expenses that would be
 17 allowable to the taxpayer as a deduction under
 18 section 213 for amounts paid during the tax-
 19 able year for medical care for a qualified rel-
 20 ative, determined—

21 “(i) without regard to whether the
 22 taxpayer itemizes deductions for such tax-
 23 able year, and

24 “(ii) in the case of a qualified relative
 25 who has attained age 55 before the close of

1 the taxable year, without regard to wheth-
2 er the qualified relative is a dependent of
3 the taxpayer.

4 “(B) QUALIFIED RELATIVE.—The term
5 ‘qualified relative’ means an individual who—

6 “(i) bears a relationship to the tax-
7 payer described in any of paragraphs (1)
8 through (8) of section 152(a), or

9 “(ii) is the spouse of an individual de-
10 scribed in paragraph (7) of such section.”.

11 (c) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to taxable years beginning after
13 December 31, 1998.

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